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FISCAL IMPACT STATEMENT

LS 6464

BILL NUMBER: SB 208

NOTE PREPARED: Dec 22, 2011

BILL AMENDED:

SUBJECT: Indiana State Dairy Association Trust License Plates.

FIRST AUTHOR: Sen. Landske

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Indiana State Dairy Association Trust license plate and the Indiana State Dairy Association Trust Fund. The bill specifies that \$25 from the proceeds of the sale of an Indiana State Dairy Association Trust license plate shall be distributed to the Indiana State Dairy Association, Inc.

Effective Date: July 1, 2012.

Explanation of State Expenditures: PEN PRODUCTS, the manufacturing arm of prison-made products, will charge the Bureau of Motor Vehicles (BMV) \$3.67 per plate if the plate is a multi-color plate, \$3.19 per plate for a truck plate and other one-color plates, \$3.55 for a standard plate, or \$2.70 for a motorcycle plate. The funds affected are the PEN PRODUCTS Revolving Fund and the Motor Vehicle Highway Account (MVHA), which supports the BMV. It is unknown at this time the number of individuals who might qualify or choose to purchase the new license plate.

Explanation of State Revenues: *Administrative Fees for Special Group Plates:* The BMV charges a \$15 administrative fee for the sale of a special group plate in addition to a \$25 group fee. This administrative fee is distributed as follows: \$5 for the BMV for the purposes of administering the special group license plate program, \$9 to the State License Branch Fund, and \$1 to the Crossroads 2000 Fund. Revenue to the BMV, the State License Branch Fund, and the Crossroads 2000 fund will increase to the extent the introduction of the Indiana State Dairy Association Trust license plate increases special group plate sales (rather than a license plate that does not have a group fee), where the purchaser would pay the additional \$15 administrative fee in addition to other fees currently assessed by the BMV.

Uses of the three state funds include the following:

- (1) Portion Retained by the BMV - Used for administering the special group license plate program.
- (2) Crossroads 2000 - Used for highway bonding projects.
- (3) State License Branch Fund - Used for operation of license branches throughout the state.

The bill also establishes a \$25 fee for the Indiana State Dairy Association Trust license plate, which is designated for deposit in the Indiana State Dairy Association Trust Fund (also created by the bill). Money in the fund is continuously appropriated, nonreverting, and annually distributed to the Indiana State Dairy Association on June 30 of each year.

Personalized License Plates: The proposal provides for the Indiana State Dairy Association Trust license plate to also be issued as a personalized license plate (PLP) if the purchaser so decides. Since an individual can request a PLP for a number of plates currently offered by the BMV, allowing an individual to request a Indiana State Dairy Association Trust PLP is not expected to result in a significant increase in the number of PLP requests or additional revenue from PLP fees.

Currently the BMV charges an additional fee of \$48 for a PLP. Of this amount, \$37 is deposited in the State License Branch Fund, \$7 for the Motor Vehicle Highway Account (MVHA), and \$4 for the Crossroads 2000 Fund.

The MVHA may be used for road construction, reconstruction, and maintenance for cities, towns, and counties. The MVHA also supports entirely the operation of the BMV, a significant part of the operation of the Department of Transportation, about 61% of the operation of the State Police, and part of the operation of the state Department of Revenue.

Background Information- The BMV reports that for plates with group fees, the BMV collects and distributes the \$25 group fees directly to the group. This bill will increase revenue collected for the Indiana State Dairy Association Trust Fund by an unknown amount. Revenue to the Indiana State Dairy Association Trust Fund will depend on the number of license plate sales. Because the Indiana State Dairy Association Trust license plate is subject to minimum sale requirements of 2,000 sales in a 4-year period, annual license plate sales are estimated to be at least 500 plates per year. The sale of 500 Indiana State Dairy Association Trust license plates is expected to generate approximately \$12,500 in revenue for the Indiana State Dairy Association Trust Fund per year.

Further, the addition of the Indiana State Dairy Association Trust license plate may decrease other special organization revenue obtained from license plate sales. Any decrease in revenue obtained for other special organizations from license plate sales is unknown but will depend on the license plate purchasing decisions of state residents.

The BMV bills the group's organization for the license plate design once the design has been approved and before issuance begins. The current design fee is \$450 and has historically been paid during the plate design approval process as BMV reports there has not been a need to retain the \$2 administrative fee per special group license plate sale as mentioned in IC 9-18-25-17.5. Instead of collecting this \$2 administrative fee per license plate sale, the BMV does collect a \$15 administrative fee in addition to the special group fee.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; PEN PRODUCTS.

Local Agencies Affected:

Information Sources: Sarah Meyer, BMV.

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